

UNITED STATES DEPARTMENT OF AGRICULTURE  
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Add+ REA CO-OP MANAGEMENTThe Relative Responsibilities of the Board and of the Manager.

(Outline of talk by Udo Rall, REA Specialist on Cooperatives)

Over-all Management Responsibilities

Co-op management has the task of managing the co-op enterprise in the best interest of the present and future co-op members as patrons and as owners of the co-op. This responsibility to the consumers is one of the basic distinctions between co-op and power company management.

Legally, the full responsibility for co-op management is placed on the board of directors or trustees. The board, as a body, is responsible and accountable to the members for the over-all management of the co-op in accordance with applicable laws and subject to the loan agreements between the co-op and REA. This responsibility remains with the board even though the board delegates some of its authority to a full-time, paid manager whom it employs because of his technical and management know-how.

From a practical standpoint, however, co-op management is the joint responsibility of the board and of the manager. But within co-op management, each has certain distinct functions and responsibilities.

The board's responsibilities include primarily policy making, planning, supervision of execution, and financial control.

The manager's responsibilities include primarily execution of policies and plans, technical operation, and day-by-day management.

If these basic distinctions are kept in mind, any question concerning the respective responsibility of the manager and of the board in a particular situation can be resolved readily.

Major Responsibilities of Board

In order to plan, decide and act effectively as a board, the directors individually have the obligation to keep themselves broadly informed on all aspects of management involved in the successful operation of an REA co-op. The board's major responsibilities include:

1. The employment of a competent manager.
2. The selection of professional consultants.
3. Passing on membership applications and terminations.
4. Borrowing money.
5. Letting contracts.
6. Authorizing and checking expenditures.
7. Establishing desirable operating policies and rules.
8. Planning for area coverage.

9. Making sure of efficient management.
10. Promoting democratic control of the co-op by its membership.
11. Making sure of compliance with all provisions of the bylaws.
12. Initiating bylaw changes when necessary or desirable.
13. Keeping the members informed about co-op matters which they, as owners and patrons, have a right to know.
14. Providing for member education in cooperation and in the efficient use of electricity in the home and on the farm.
15. Cooperating with rural communities toward the effective application of electricity to the improvement of rural community facilities.
16. Building good community relations.

#### Major Responsibilities of Manager

It is the manager's job to manage the co-op enterprise in all of its details, subject to direction and supervision by the board as a body. He is the executive arm of that body. His major responsibilities include:

1. Advising the board in its formulation of policies and plans, and on other matters which require board action.
2. Carrying out the policies and plans established by the board or by the membership.
3. Making sure of efficient and economical system operation.
4. Selection and training of qualified employees.
5. Making sure that each employee knows clearly what he or she is to do.
6. Establishing lines of supervision for all employees.
7. Maintaining good labor relations.
8. Keeping board fully informed on financial condition of co-op.
9. Keeping board fully informed on operating conditions and problems.
10. Maintaining good membership relations.
11. Conducting member information and education activities on cooperation and on the efficient use of electricity.
12. Helping to build good community relations and community support for the co-op.

#### Objectives of Co-op Management

The work of the board and the work of the manager should be coordinated in a joint effort toward these specific objectives:

1. Efficient business management;
2. Dependable, low cost electric service on an area-wide basis;
3. An informed membership actively interested in making the co-op enterprise a success;
4. Ample opportunities for the members to exercise their rights of democratic control;
5. Efficient use of electricity by the members in the home and on the farm;
6. Effective application of electricity to the improvement of rural community facilities;
7. Good community relations and strong community support for the co-op.

Directors and managers can work most effectively toward these ends if they are cooperative-minded, really understand co-op principles and methods, know the history of their co-op and are familiar with its bylaws and operating rules and practices, know REA policy and the history and objectives of the REA program, keep their minds open to new ideas and are willing to work with other civic minded groups for rural community betterment.